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Emilia Reis

INFLUENCING FACTORS ON CONSUMER BUYING BEHAVIOUR OF LUXURY GOODS

– A research on the buying behaviour of young
consumers in Finland



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Emilia Reis

INFLUENCING FACTORS ON CONSUMER BUYING BEHAVIOUR OF LUXURY GOODS – A RESEARCH ON THE BUYING BEHAVIOUR OF YOUNG CONSUMERS IN FINLAND

The luxury goods market is growing and an increasing number of young people seem to be purchasing luxury goods. With the increasing popularity of various social media, luxury brands are adopting this approach as a means of communicating with the consumers, while consumers can be influenced by these channels.

Luxury goods portray very contradictory theories when compared to non-luxury goods, which builds a significant part of the theoretical framework, while also consumer behaviour differs due to various reasons.

The aim of this research is to discuss the theoretical approach of luxury goods consumption as well as attempt to observe practical implications of it by looking at a specific group of consumers and their buying behaviour. The group chosen by the author is 20-26 year old students and working students currently living in Finland. Moreover, the objective is to outline what are the most significant characteristics when purchasing luxury goods and what aspects affect buying behaviour.

The data collection was carried out by conducting a survey that included both quantitative and qualitative questions. Several questions were left open-ended in order for respondents to be able to express their opinions more freely, which also aided the researcher in gaining more detailed insights in regards to the topics studied.

Both by theoretical framework and survey results, most important characteristics of luxury goods were identified as being quality, aesthetics and price. On the other hand, quite the contrary to theory, the survey results indicate how social media is not yet experienced as a significant influencing factor on buying behaviour of luxury goods.

In conclusion, the theoretical framework and survey results were mostly in sync, however future research could improve the depth and validity of the research related to luxury goods.

KEYWORDS:

Luxury, Consumer Behaviour, Brands, Marketing, Social Media

Emilia Reis

LUKSUSTUOTTEIDEN KULUTUKSEEN VAIKUTTAVAT TEKIJÄT – TUTKIMUS NUORTEN KULUTTAJIEN KULUTUSKÄYTTÄYTIMISESTÄ SUOMESSA

Luksusmarkkina on kasvussa ja yhä useampi nuori vaikuttaa ostavan luksustuotteita. Sosiaalisen median eri muotojen suosion kasvaessa, luksusbrändit omaksuvat sosiaalisen median kanavia osana kommunikointistrategiaansa. Kuluttajat taas voivat saada vaikutteita näistä kanavista, tehden niistä yhä suosittumman mainoskanavan yrityksille.

Teoreettinen pohja joka liittyy luksustuotteisiin on hyvin erilainen kuin tavallisiin tuotteisiin liittyvä. Täten myös luksustuotteiden kulutuskäyttäytymisessä on selkeitä eroja verrattuna tavallisiin tuotteisiin. Syytä tähän on monia, mutta yksi havainnollistava esimerkki on että tavallisesti tuotteen ostos perustuu enemmän tarpeeseen, kun taas luksustuotteiden ostos perustuu pitkälti haluun.

Lopputyön tarkoitus on keskustella teoreettisesta taustasta, joka liittyy luksustuotteiden ostamiseen, sekä samalla tutkia ilmiötä käytännössä. Tutkimus pohjautuu tietyn kuluttajaryhmän, erityisesti nuorten 20-26 vuotiaiden, ostokäyttäytymiseen. Lisäksi tavoitteena on havaita tärkeimmät piirteet, jotka vaikuttavat luksustuotteiden ostamiseen.

Tiedonkeruu toteutettiin kyselyn muodossa, joka koostui kvantitatiivisista ja kvalitatiivisista kysymyksistä. Useita kysymyksiä jätettiin myös avoimiksi jotta vastaaja pystyi ilmaisemaan mielipiteensä vapaamuotoisemmin. Tämä auttoi myös tutkijaa saamaan yksityiskohtaisempia havaintoja ja tietoa aiheesta.

Teoria ja kyselyn tulokset osoittivat että tärkeimpiä ominaisuuksia luksustuotteissa ovat laatu, ulkonäkö, ja hinta. Toisaalta, toisin kuin teoria osoitti, kyselyn tulokset osoittavat kuinka sosiaalisella medalla ei ole kovin suurta vaikutusta henkilöiden kulutuskäyttäytymiseen.

Johtopäätöksenä todettakoon, että teoria ja kyselyn tulokset olivat melko yhtenäisiä, mutta jatkotutkimus luksustuotteisiin liittyvästä ostokäyttäytymisestä lisäisi tutkimuksen syvyyttä ja luotettavuutta.

ASIASANAT:

Luksus, kulutuskäyttäytyminen, brändit, markkinointi, sosiaalinen media

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LIST OF ABBREVIATIONS

SNS	Social Networking Site
LVMH	Moët Hennessy Louis Vuitton
TUAS	Turku University of Applied Sciences

1 INTRODUCTION

The luxury goods market is growing as the global economy recovers (Deloitte 2014). According to the author's observations, luxury goods are also becoming more prevalent in terms of a phenomenon in Finland. The author has noticed the effects of social media hype as well as a change in the visibility of brands amongst young people in Finland. This is one of the main reasons for the interest in studying the topic more.

As a topic it is interesting as luxury goods portray an exception to the law of demand, as an increase in price does not necessarily mean a decrease in demand (McGee 2004). In this way it relates to economic theory as a whole. Also the issue is particularly interesting from Finland's point of view because the luxury industry is still somewhat new and emerging. For example, Sarpila and Haanpää (2010) have researched the consumer behaviour of Finns during the last 10-15 years and have found that specifically luxury goods have attracted more interest, especially among the youth.

The purpose of the research is to outline what are the central factors that influence young consumers' buying behaviour of luxury goods that is opposite to the traditional laws of marketing. While 4 p's in marketing theory represent regular goods, luxury goods have a more extensive theory of 8 p's which is essential to discuss when analyzing consumer buying behaviour of luxury goods. The consumer decision making process can be used as theory in order to map out whether all of the processes, or some, are considered when purchasing luxury goods.

The aim of this research is to discuss the theoretical approach of the issue as well as attempt to observe practical implications of it by looking at a specific group of consumers and their buying behaviour. Not only limited to Finnish consumers, the research studies consumers in Finland of any nationality. Furthermore, in addition to theory, trends can be observed by looking at the

effects of social media such as the growing trend of bloggers and their influence on consumers.

From previous economic theory it can be deduced that luxury goods show how a higher price does not cause a decrease in demand (McGee 2004). Moreover, it is therefore relevant to discuss reasons for why such a situation exists and what the possible causes are for this.

The research will be based on primary and secondary data by looking into other countries' data and observing Finland by looking into blogs and other possible available data, as well as providing theoretical concepts from economic theory. A survey will be designed to outline the buying behaviour and opinion for such goods in Finland in order to provide suggestions to answer the research questions.

1.1 Objectives of the research

The objectives of the research are to find most significant factors that affect luxury goods consumption amongst younger people. With the increase of social media, young people may be more influenced than before when it comes to desiring luxury goods. The number of consumers engaging in following different social media accounts related to luxury goods has increased in a matter of few years. This trend can be the driver behind an increase in consumption of luxury goods. (Hill et al. 2013; Say Daily 2014) The issue is perplexing as there seems to be an increased amount of young people purchasing luxury goods yet they may not be the traditional target customers of luxury brands.

The aim is to find out what kind of a buying behaviour process is related to the consumption of luxury goods, hence which steps are followed and which are the most important.

It is important to acknowledge that the concept of luxury is broad and interpreted in various ways, hence choosing which luxury level to focus on and identifying certain theories is essential as otherwise gathering results and making conclusions would be difficult. The scope is limited to medium-level, top-

level, accessible core, and premium core luxury brands in the category of clothing and accessories. The objective is to gain insights of certain age groups and adapting the general theory to the findings of the survey.

Research questions:

1. What are the main factors that influence young consumers' buying behaviour when buying luxury goods?
2. How do the 8p's of marketing and decision-making process apply to young consumers of luxury goods?
3. To what extent does social media affect consumption of luxury goods amongst young consumers?

1.2 Scope and limitation of the research

In line with the objectives, the research is conducted from the consumers' perspective. An operational approach in defining luxury goods is adopted as luxury goods in this thesis are defined as material items worth a certain value. The author acknowledges that there is not much existing literature on the youth consumer buying behaviour in Finland regarding luxury goods, but aims to link theoretical framework and results from the questionnaire in order to gain insights to the topic. The questions in the survey cannot fully answer why people buy luxury goods but provide some aspects that can be relevant for reasons behind purchasing luxury goods.

The context in which the research is carried out is students and working students of a certain age living in Finland. The sample group is narrowed down to Turku University of Applied Sciences students and personal Facebook contacts of ages 20-26 that either study, or work and study, and are located in Finland. Hence, the sample group is scattered in cities such as Helsinki, Turku, Tampere, Oulu, etc.

The scope is applicable only to a specific age group and group of study by researching the buying behaviour related to luxury goods of students and working students aged 20-26 – this is chosen because there seems to be an

increase in buying or acquiring luxury goods by the younger population. Answers from candidates that are not in the range will be considered but the focal emphasis is on candidates that fit the chosen age group. The study includes students and working students, thus not all consumer types are researched. The author assumes that more females will answer the questionnaire, therefore this also does not represent the whole population and thus the results cannot be generalized.

For the purpose of the research, the scope of the research is focusing on a certain group of luxury goods, namely medium-level and top-level luxury brands as defined by Heine (2011, 51). Similarly, Rambourg's pyramid represents the same as accessible core and premium core luxury goods (Willett 2015) that are characterized as certain brands and range at certain price levels. The author also realizes the wide spectrum of various categories of luxury goods, hence chooses to limit the study to the clothing and accessories category.

There are several limitations to the research, including family background, inheritance, and other factors that cannot be controlled but can potentially affect income levels, hence people with i.e. a wealthy background could potentially have different spending habits and buying power. The aforementioned aspects can affect the results but will not be separately considered and evaluated in this study. These variables are good to be acknowledged as limitations, because these can potentially affect the results heavily, but are not aspects that should be requested from individuals as they are not relevant to the theories studied.

Furthermore, the theories discussed in the study are mainly general consumer behaviour and marketing models, which are extended to fit the behaviour related to luxury goods.

1.3 Research structure

The methodology used is built upon theoretical framework and conducting a survey with quantitative and qualitative research.

The first section introduces the topic by presenting the background, presents the research questions, and expresses the motivation behind researching the topic. Objectives, scope and limitations are an essential part to the introduction. The second section of the thesis, or the empirical part, is built around the literature review that covers the consequent chapters about luxury brands, consumer buying behaviour, and social media and consumers.

Consequently, results will be discussed and analyzed and linked with the theoretical framework in order to attempt to answer the research questions. Finally, conclusions will be made and suggestions for future research will be presented.

2 LUXURY GOODS

2.1 Definition of luxury goods

What comes to luxury brands, there are several definitions, however the concept seems to be hard to define due to its subjectiveness and multidimensionality (Wiedmann et al. 2007, 3). Kapferer (2012, 68) additionally argues that luxury is relative. Everyone has their own definition to what luxury is to them, as for some it may be simply eating out at a restaurant or to some it may be purchasing items of high monetary value. On the lines of this, Chevalier and Mazzalovo (2012, 1) state that “Luxury of one is not necessarily that of another” and a universal definition would be unrealistic.

While luxury can be defined from philosophic-sociological, microeconomic, and managerial understanding, in order to clarify the approach, the managerial understanding of luxury is chosen. This is defined as luxury goods having more than necessary and ordinary characteristics compared to other products of their category (Heine 2011, 41). An example of this can be a Louis Vuitton handbag, including characteristics such as being handmade, having a high price, being made from high-quality materials, and having a significant element of design, as opposed to for example an H&M bag that is made from synthetic materials, being of low quality, low price, and shows no element of craftsmanship.

When discussing about objects of luxury, in the theoretical framework there seems to be somewhat consensus to what characteristics luxury brands encompass. Vigneron and Johnson (see Wiedmann et al. 2007, 3) state that luxury brands are identified as having several physical and psychological values. According to Heine (2011, 41), luxury goods have six major characteristics, namely price, quality, aesthetics, rarity, extraordinariness, and symbolism. This is said to be a customer-oriented definition, which is essential since this thesis focuses on the customers' point of view.

Chevalier and Mazzalovo (2012, 39) and Dubois (1998, 292) additionally discuss that exceptional service and quality is expected from luxury goods, and they should also have an element of craftsmanship.

Various authors such as Heine (2011), Mazzalovo and Chevalier (2012), and Okonkwo (2007) have attempted to explain the framework of luxury goods. Adapting and testing these concepts is essential for this research in order to identify whether the theories are in line with the young consumers of today. Different theories will be combined in order to find a cohesive framework for this study.

2.2 Level of luxury

In line with the definition of luxury goods, the level of luxury brands needs to be defined for the purpose of this study. According to the study of Heine (2011), luxury brands can be divided into four different categories, namely entry-level, medium-level, top-level, and elite-level luxury brands.



Figure 1. Luxury pyramid by luxury level (Heine 2011, 51)

Medium-level and top-level luxury brands are chosen in order to narrow down the focus of the thesis and concentrate on brands that are expensive, yet not

out of reach of consumers that are targeted in this research. Medium-level luxury brands include examples such as Dolce & Gabbana and Escada, while top-level luxury brands include examples such as Louis Vuitton and Cartier (Heine 2011, 50).

Furthermore, what is known as the Rambourg pyramid of luxury goods (Willett 2015), not only brands but also the price points can be identified. The two most suitable levels, notably medium-level and top-level luxury brands of Heine's pyramid can be assimilated with the accessible core and premium core of Rambourg's pyramid. Identifying this aids in giving a scope to the thesis by choosing the two middle levels without taking into account the two extremes - too expensive or affordable for everyone.

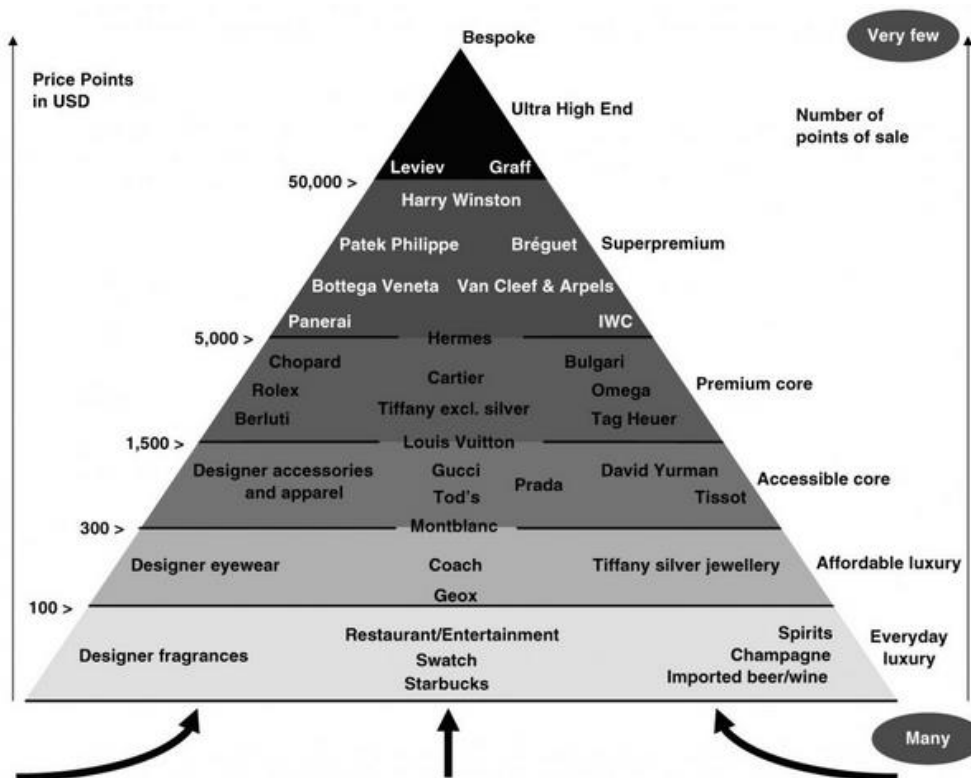


Figure 2. Rambourg's luxury power ranking pyramid (Willett 2015)

Evidently, as seen in the pyramid, also brands such as Louis Vuitton, Cartier, and Gucci are in the two levels similar to Heine's pyramid. The price points

discussed are between over three hundred (300) dollars to one thousand five hundred (1,500) dollars, and between one thousand five hundred (1500) dollars and five thousand dollars (5,000).

2.3 Characteristics of luxury brands

As discussed in section 2.1, luxury brands have certain characteristics that distinguish them as being luxury. Looking into these and adapting different theories, the author will use one clear framework by Heine (2011, 41) in order for the six major characteristics - price, quality, aesthetics, rarity, extraordinariness, and symbolism - to be discussed in more detail. Observations of other researchers will be used within this framework for the purpose of expanding the separate points. Overall a key concept in the arena of luxury brands is strategy that contradicts with traditional marketing rules, referred to as "paradoxes of the luxury marketing" by Dubois (1992) (see Heine 2011).

As luxury goods do not follow regular marketing theory, the 8 p's will be looked at in more detail. The 8 p's of luxury goods namely are performance, pedigree, paucity, persona, public figures, placement, public relations, and pricing (Arora 2013). These characteristics are part of the marketing mix that influence consumer buying behaviour.

The 8 p's of luxury marketing and Heine's theory will be integrated in order to build a cohesive framework around the characteristics of luxury goods. This is done because many of the characteristics such as price, the product and placement are the same and need not be discussed separately in different sections. However, p's that do not integrate with Heine's framework will be discussed separately. The author wants to bring to attention the fact that the 8 p's may not be a universal methodology, however provides an analytical and pragmatic approach that differs depending on market and brand (Arora 2013).

The intention is to provide a framework to discuss the differentiating nuances of luxury brand marketing. As opposed to the basic 4 p's of marketing, product,

price, place, promotion, luxury goods have slightly different p's. Interrelated though, the basic 4 p's are still included in the framework of luxury brands.

2.3.1 Price

Evidently, price is an important component of luxury brands. Price alone does not indicate that a brand is identified as that of luxury, but there are theories that explain why and how price is an influencing factor. When it comes to luxury brands, Keller (2009, 292) argues that price is a major indicator of quality, hence also an indicator of how prestigious a brand is (see Heine 2011, 66).

Unlike basic marketing theory suggests, luxury brands differ as prices are suggested to be risen annually in order to increase demand (Kapferer and Bastien 2009, 319). Along with this concept, while regular brands benefit from reducing prices, luxury brands risk their brand image if discounted, therefore should avoid discounts (Heine 2011, 65; Scholz 2014, 48). According the experts, brands like Chanel and Chloe have marked down items in order to attract buyers (Burnsed 2009). This can make consumers question the quality of the good, since price and quality are interrelated (Heine 2011, 66).

The Veblen theory suggests that demand of luxury goods is not determined by price, and gives the Veblenian consumers a feeling of wealth (McGee 2004; Heine 2011, 66). This strategy in turn acts as a motivation for consumers to buy sooner than later (Heine 2011, 66). The *pricing* in the 8 p's suggests similar ideologies, as luxury brands should identify the right pricing levels in order to attract consumers. Consumers develop a mental image of luxury based on the price level brands operate at, therefore perceived value should always be maintained high. (Arora 2013)

2.3.2 Quality

Quality is undoubtedly an essential attribute that is lingering in the minds of the consumers. Customers expect an extremely high quality when purchasing luxury goods (Chevalier and Mazzalovo 2012, 120). Especially in economically bad times, customers expect even higher quality when making purchase

decisions, to which brands have to respond by ensuring that the goods are produced with high quality, perhaps mostly even by hand. (Scholz 2014, 43)

2.3.3 Aesthetics

The quality of a brand is also said to be reflected in its design. Shape, colours, smell, and graphical elements are ever more important in luxury goods because they also reflect the consumers' lifestyles and values. Additionally, not only the aesthetics of the products have to be appealing, but also the packaging, as unsuitable packaging may damage the brand itself. (Scholz 2014, 45) Chevalier and Mazzalovo (2012, 121-122) argue that the luxury consumer evaluates products based on their shapes and values the way a product feels in their hands, which is why aesthetics is an important component in luxury goods.

2.3.4 Rarity

According to Fionda and Moore (2009, 357) and Keller (2009, 292), a highly used strategy of luxury brands is to control the accessibility to the brand, referred to as highly selective distribution. For example, brands may open stores only in prestigious neighborhoods (Berthon et al. 2009, 54), limiting the availability of a brand. This is said to increase the rarity effect. (Heine 2011, 67)

Furthermore, Kapferer and Bastien (2009, 67) argue that the greater the inaccessibility, the greater the desire, which hinges on the concept that luxury has to be earned.

In 8 p's, this is referred to as *paucity*, which essentially means scarcity. Scarcity plays an important role when it comes to luxury brands as this in turn makes consumers work hard in order to achieve the good and increase the desirability of the brand. (Arora 2013)

Arora (2013) also notes that luxury brands may produce limited editions of items that are even more rare and difficult to acquire. Related to this, customization of goods gives consumers a feeling of individuality. Infact, the luxury consumers are said to crave for customization and individual attention (Okonkwo 2007, 67)

This can come from small things such as being able to choose the color of stripes added to a Louis Vuitton bag, or choosing to add your initials on the bag handle (Louis Vuitton).

Additionally, *placement* of 8 p's can be linked to the rarity aspect. Luxury brands have a strong relation with them being more scarcely available, hence, brand experience is just as important as the brand itself. With rarity comes the purchase experience as consumers are more drawn to exclusive invites, elegant presentations, and the whole buying experience whether it be a glass of champagne or knowledgeable personal assistance while shopping. Placement also extends not just in-store, but to events that are less available for the mass. (Arora 2013)

2.3.5 Extraordinarity

Luxury cannot be positioned - being unique and creative is what counts rather than comparison to others (Kapferer and Bastien 2009, 62; Kapferer 2012, 67). Elements such as craftsmanship and design contribute to the uniqueness and extraordinarity of luxury goods (Scholz 2014, 44). Luxury goods consumers want to stand out from the crowd and signal others that they are confident about what they are doing (Chevalier and Mazzalovo 2012, 122; Kapferer 2012, 68).

2.3.6 Symbolism

"There can be no luxury brand without roots, without a history..." (Kapferer and Bastien 2009, 85) It is not just the brand communication but also the luxury consumer's mind is said to be appreciative of the brand's heritage and tradition (ibid., 82). The 8 p's theory names this as *pedigree* as many of the most successful luxury brands have a long history behind, which is said to impact the consumer's buying behaviour along with the obvious performance of the luxury brand (Arora 2013).

2.3.7 Performance

In 8 p's, *performance* combines both the attributes of the product and also the buying experience. While the product itself is of paramount importance, so is the customer experience when purchasing the product (Arora 2013; Chevalier and Mazzalovo 2012, 121). Luxury brands need to have a mix of high quality, craftsmanship, unique design, and even innovation. (Arora 2013; Scholz 2014)

2.3.8 Persona

One aspect that Heine does not take into account is one of the p's, *persona*. It is said that luxury brands create messages that make consumers emote in order to distance them from mass brands. While pedigree of the brand is important, nowadays even luxury brands have to sustain a contemporary appeal. Persona is a mix of emotional values, mystique and brand personality. (Arora 2013)

2.3.9 Public figures

Neither are *public figures* discussed in the main framework, but are an aspect of 8p's. Luxury brands should not try to sell, as this diminishes the whole essence of luxury (Kapferer and Bastien 2009, 73; Arora 2013). As celebrity endorsement is not solely just for luxury brands anymore, luxury brands use celebrities in a different way. The strategy is less "in-your-face" as opposed to traditional endorsement. Examples of this strategy may be accessorizing celebrities for fashion shows or red carpet events, such as Chopard being an official partner of the Cannes Film Festival for the past decade or so. (Arora 2013)

2.3.10 Public relations

Luxury brands do concentrate on PR but in a different, more subtle way in comparison to mass brands. Brand activation takes place during fashion weeks, selected sports events, and other previews (Arora 2013).

3 CONSUMER BUYING BEHAVIOUR

The stimulus-response model is used as a basic framework in consumer buying behaviour, and each element is discussed separately in order to adapt the model to luxury buying behaviour.

3.1 Stimulus-response model

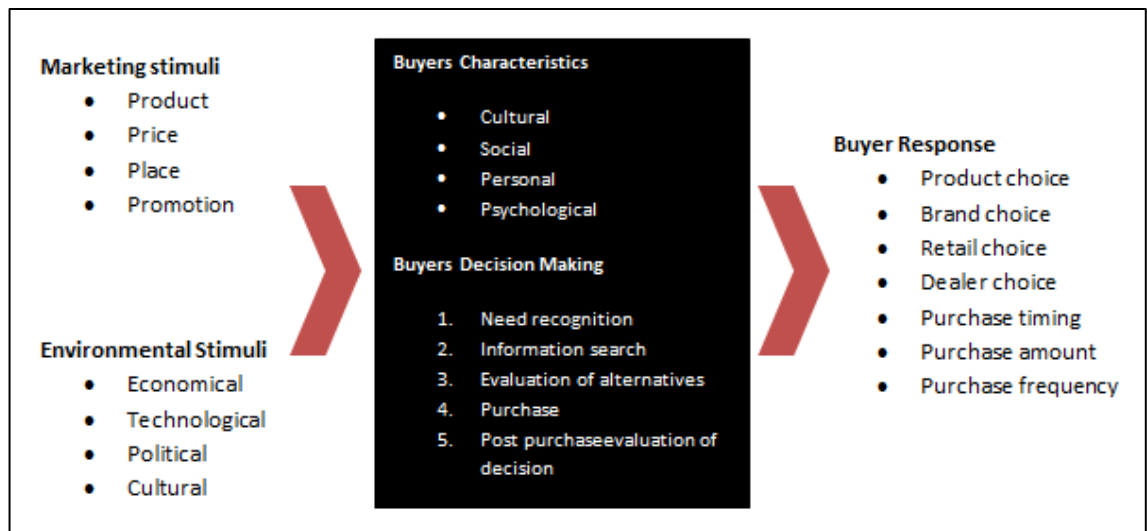


Figure 3. Model of buying behaviour (adapted from Tyagi and Kumar 2004, 54)

The model of buying behaviour shows how marketing and environmental stimuli enter the buyer's black box, which thereafter produce different responses (Tyagi and Kumar 2004, 54). This model can be linked to the luxury brand characteristics and aspects that affect consumer behaviour. The model will be explained in order to identify which elements are the most suitable when discussing buying behaviour of luxury goods. All the steps are not identified in luxury buying behaviour, therefore the model can only act as a basis for the discussion around consumer buying behaviour and luxury goods.

3.1.1 Marketing Stimuli

The marketing stimuli in consumer behaviour of luxury goods, or the p's, can be connected to the 8 p's of luxury goods marketing. The 8 p's earlier discussed in chapter 2 are performance, pedigree, paucity, persona, public figures,

placement, public relations, and pricing (Arora 2013). The 8 p's in luxury goods differ quite much from the commonly recognized 4 p's of marketing as they tend to contradict the regular marketing rules (Heine 2011). For example, in the 4 p's model, prices are rather elastic (Boundless 2015). Whereas in the 8 p's of luxury, prices are inelastic, as theory suggests that a raise in price will not result in a decreased demand (Arora 2013; McGee 2004; Heine 2011). In addition, in the 4 p's promotion is built around the selling of goods, whereas in 8 p's theory the component of public relations and public figures is not about selling and marketing in the same sense as it is more subtle (Kapferer and Bastien 2009, 73; Arora 2013).

3.1.2 Environmental Stimuli

The environmental stimuli relate to consumer buying behaviour but will not be discussed separately in-depth, as other aspects that are more relevant in the discussion of luxury goods are concentrated on. In general, environmental stimuli include economical, technological, political, and cultural stimuli. These factors induce a person to think about a product and as a result, buy a product (Krishnamacharyulu and Ramakrishnan 2008, 95).

Technical stimuli consist of aspects such as durability, performance, and style/looks which are all important components of luxury goods (Fahy and Jobber 2012, 66). As discussed in section 2.3.2, according to Chevalier and Mazzalovo (2012), quality is an essential characteristic. Heine (2011) identifies aesthetics to be an important characteristic chosen by consumers. Additionally, Arora (2013) explains how performance of a luxury good does not only include the physical product, but also the experience when buying the good.

Economic stimuli are identified as price and value for money (Fahy and Jobber 2012, 66), which also are among most significant characteristics of luxury goods perceived by consumers. Price is evidently important, as is the value of money that is identified from the customers' perceived value of luxury goods (Arora 2013; Heine 2011).

Social stimuli include status and social belonging, which can be linked to the study of luxury goods. According to Okonkwo (2007, 63), consumers want to show off their goods as often as possible in order to signal their status. Personal stimuli encompass the buyer's self-image and emotions, which are characteristics related to the psychological relation to the individual (Fahy and Jobber 2012, 66). All consumers have unique traits, skills, habits, possessions and ways of behaving that constitute to the self image. Individuals develop their self images through interactions with other people, which shapes their buying behaviour. (Schiffman et al. 2008, 155)

3.1.3 Buyers Characteristics

The buyers characteristics have been identified in previous discussion in section 2.4., however also identifying the four main characteristics is beneficial.

According to Scholz (2014), consumer buying behaviour recognizes two main approaches – socially oriented and personally oriented behaviour. Socially oriented behaviour derives from the need to impress others whereas personally oriented behaviour is internally driven and has an element of self-fulfilment. (Scholz 2014, 24) In addition, psychological and cultural factors are influencers of buying behaviour.

The social role and status are one of the most significant influencers of buying behaviour, notably the status that is signaled by purchasing luxury goods (Perreau 2013, 13). The social element of the buyers characteristics is highly evident. Consumers want to belong to a group and be recognized, and furthermore they want to signal status. Luxury goods consumers think a lot about themselves. Their needs are hedonistic and irrational, where self-recognition and rewarding oneself play an important role. (Scholz 2014, 24-25; Kapferer and Bastien 2009, 26; Kapferer 2012, 68; Chevalier and Mazzalovo 2012, 122)

According to Perreau (2013, 10-12), reference groups such as friends and family drive consumer behaviour the most, as values and personality are

shaped from them. Related to brands, some brands have understood the “social benefits” that their products can create, and either directly or indirectly have managed to communicate this to consumers (Perreau 2013, 10).

Personal factors include aspects such as age, purchasing power, and lifestyle. There may be significant differences in the purchasing behaviour between a 20 and a 60 year old, as likings, values, and environment evolve throughout the years. Additionally, purchasing power quite naturally does affect the buying behaviour of a person, as the perspective on money may differ. (Perreau 2013, 14-15) Moreover, Danziger (2005, 153) stresses that affluent people do not need to think about money as much as the less wealthy since they can afford the full price of a luxury good.

Lifestyle is an important component as interests, values and opinions influence buying behaviour (Perreau 2013, 15), and this will drive the consumer to pursue goods that are in line with their lifestyles. As also briefly discussed in section 2.3.8, brands aim to develop a certain kind of imagery and personality that goes together with the consumers’ values and traits, which has to do with the consumer’s self image (ibid.).

What comes to psychological factors, the consumers are affected by for example motivation, perception, and beliefs. Psychology is said to be the first silent *p* in marketing as the consumer has needs and wants that should be responded to (Kumra 2007, 50). Moreover, Kumra (2007, 55) describes motivation as being the “propelling energy within an individual that directs him towards action”.

Perception is the selecting, organizing, and interpreting information that makes a person behave a certain way and choose what to do. Perceptions may differ according to experiences, beliefs and personal characteristics. (Perreau 2013, 18) Moreover, belief means to be convinced about something. External influencers such as family and friends affect an individual’s beliefs, thus will have an impact on buying behaviour. (Perreau 2013, 19-22)

The luxury consumer is also interested in the heritage and history of the brand, hence culture impacts the purchase decision. (Kapferer and Bastien 2009, 82) Kotler argues that “culture is the most fundamental determinant of a person’s wants and behaviour” (see Tyagi and Kumar 2004, 68).

3.1.4 Buyers Decision Making

The five steps of the decision making process are need recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation of decision (Fahy and Jobber 2012, 61-62). Notably these steps are recognized and often discussed when talking about consumer buying behaviour in general, however have not been individually analyzed in the behaviour around luxury goods.

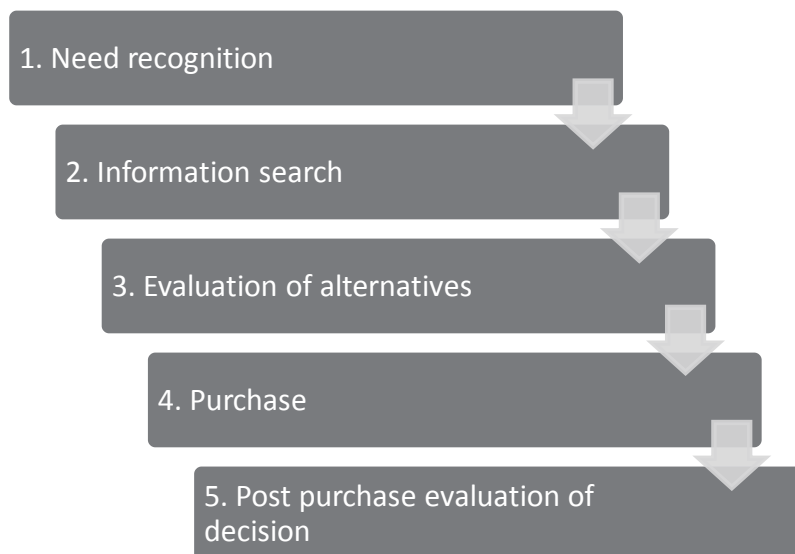


Figure 4. Consumer decision-making process (Fahy and Jobber 2012, 62)

All of the stages are not necessarily undergone in the consumer decision-making process as this depends on the type of purchase. Buyers typically move through a series of steps from recognizing the need for something to evaluating which good should be bought to perhaps considering the purchase afterwards

whether it satisfied the original need or want. (Fahy and Jobber 2012, 61) The five stages will be briefly introduced.

Need recognition is the first stage of the buying process where the buyer recognizes a problem or need. In the case of luxury goods, this can mean that the buyer recognizes a want, or even a need for recognition or belonging to a group. In general consumer behaviour theory, a need can be driven either by internal or external stimuli. Internal stimuli are normal needs such as hunger and thirst, whereas external stimuli are for example advertisements or friends. (Kotler and Armstrong 2010, 178)

Information search is where the consumer searches for more information on a good. This occurs when problem recognition is strong enough (Fahy and Jobber 2012, 62). The information can be acquired from multiple sources such as friends, acquaintances, advertising, mass media, Internet searches, or actually experiencing the product. (Kotler and Armstrong 2010, 178)

Evaluation of alternatives may take place after a consumer is done with searching for information, and has narrowed down the choices and arrived to a set of different brands. Different options are evaluated in order to decide which to buy. (Kotler and Armstrong 2010, 178-179; Fahy and Jobber 2012, 62)

The purchase decision comes after ranking brands and most often arriving to a brand that is most preferred by the consumer. Kotler and Armstrong (2010, 179) state that “a marketer’s job does not end when the product is bought”. The final stage of the model explains how consumers may experience post-purchase behaviour related to how satisfied or disappointed the consumer is (ibid.). The post-purchase decision arises from uncertainty of whether the choice was correct (Fahy and Jobber 2012, 64-65).

3.1.5 Buyer Response

Buyers decision making and buyers response can be explained by Schiffmann and Kanuk’s (2004) theory of consumer purchase-decision process (see Okonkwo 2007, 62) which is further explained in section 3.2. In luxury buying

behaviour, the steps as they are present in the model have not been researched, however similar models apply.

3.2 Consumer purchase-decision process

The consumer purchase-decision process is another focal point of the study in order to identify how luxury consumers behave. Based on the theoretical framework of Schiffmann and Kanuk (2004), Okonkwo (2007, 62) explains the consumer purchase-decision process in luxury brands which essentially attempts to identify how consumers make decisions to spend their resources. All levels in the model can be identified in and linked to the theories discussed previously.

- | |
|--|
| <ol style="list-style-type: none"> 1 What they buy (Products and Services) 2 Why they buy (Needs, Wants, Desires) 3 When they buy (Convenience) 4 Where they buy (Location) 5 How they buy (Channel) 6 How often they buy (Frequency) 7 How often they use the products (Relevance) 8 How they evaluate the products (After-Purchase) 9 How they dispose of the products (Durability) 10 How they decide future purchase (Loyalty) |
|--|

Figure 5. Consumer purchase-decision process (Okonkwo 2007, 62)

The model identifies what, why, when, where and how luxury brands are purchased and used. Okonkwo (2007, 63) explains that the aspects in the model can be applied to any category of goods but her analysis is specifically related to the luxury sector. Okonkwo (2007, 65) pinpoints the fact that even the consumers have changed throughout the years, as they are more demanding, savvy, discerning consumers.

Although essential, products and services alone are not enough, as additionally experiences and emotion play an important role in luxury brands. Chevalier and Mazzalovo (2012, 121) argue that consumers' purchase decisions can be ultimately affected even by the music they hear in the store of a certain brand.

Consumers buy feelings, experiences and identity along with the physical product. Luxury brands are not bought based on rationale or convenience, however rather are a result of desire. They are not identified as functional needs but ongoing yearnings. (Okonkwo 2007, 63; Chevalier and Mazzalovo 2012)

Luxury goods are not bought everywhere, as they are mainly bought in major fashion capitals where lifestyle plays a big role and the brand's roots may be originated from there. As stressed earlier in section 2.3.4, the buying experience is important and consumers prefer to buy items from physical stores. Although not previously desired from a luxury brand operational point of view, with the increasing trend of the web 2.0, Internet and Mobile shopping are increasing in influence. (Okonkwo 2007) Although not same as having the in-store experience, luxury customers also nowadays enjoy the convenience of online shopping (Scholz 2014, 56). Moreover, for example Louis Vuitton provides the option for consumers to purchase items online (Louis Vuitton 2015).

The frequency of buying and buying behaviour in general is irrational as they are bought as often as possible and there is often no logic behind the buying behaviour as luxury brands are desires rather than basic needs. Lifestyle and personality are reflected in the purchasing of luxury brands, hence products are used as often as possible in order to signal status. (Okonkwo 2007, 63; Chevalier and Mazzalovo 2012, 121)

Often the post-purchase evaluation is said to be almost non-existent as the symbolic and abstract benefits seem highly more valuable to the consumer than the functional attributes. The focus is on the role and satisfaction of what the luxury brand provides, also referred to as hedonistic desire, hence immaterial (Okonkwo 2007, 63; Chevalier and Mazzalovo 2012, 122). Due to high quality of luxury goods, they are said to last a lifetime. However, nowadays there is an increasing trend that makes luxury brand items disposable as trends change continuously. Consumers sell their luxury items as second hand, however this is not said to have a negative impact on the value of the luxury brands. (Okonkwo 2007, 63)

4 SOCIAL MEDIA AND CONSUMERS

4.1 What is social media

The author will define the meaning of social media in order to give basis to the discussion around different social media sites and their influence on consumer buying behaviour. Social media has been defined in many ways, hence there is no one single definition that has been agreed on. The common reference can be identified as social media being web-based technologies for communication and sharing over the Internet (Hill et al. 2003, 3). More in detail, Scott and Jacka (2011, 5) conclude that social media "is the set of web-based broadcast technologies that enable the democratization of content, giving people the ability to emerge from consumers to publishers".

Moreover, Hill et al. (2013, 3) propose a definition that combines several aspects of social media being "a collection of websites and web-based systems that allow for mass interaction, conversation, and sharing among members of a network". This last definition is the essence of what Web 2.0 is – sites with user-generated content such as blogs, videos, etc. – which allow sharing content (Anderson, 2007).

Simply put, social media is a new set of tools and technologies that allow people to connect more efficiently and build relationships (Safko 2012, 5). There need not be a universal definition, hence the aforementioned definitions are all suitable.

4.2 Types of social media

For the relevance of the thesis, three main social media are concentrated on. The first is social networking sites, the second is media sharing sites, and lastly blogs. Each of these are growing mediums for consumers and through research have been identified as significant influencers of consumer behaviour (Hill et al. 2013; Weinberg 2009; Zarrella 2010; Mashable 2014).

4.2.1 Social networking sites

The use of social media has increased significantly in the past several years. In 2005, the percentage of all adults participating in social networking sites has grown from a mere 5% to 50% between the years 2005 and 2011. For example, the users on Facebook alone increased from 5 million users to over 900 million users in a matter of seven years between 2005 and 2012. (Hill et al. 2013, 6)

Social networking sites, or SNSs, are platforms where individuals can connect with each other. Examples of this are Facebook and MySpace. Weinberg (2009, 149) additionally states that social networking sites connect users with similar interests. Facebook is probably the most infamous social media site, hence will be chosen for scrutiny in this research.

4.2.2 Media sharing sites

Media sharing sites allow users to create and upload multimedia content, sometimes also referred to as user-generated content (UGC) (Zarella 2010, 77). Pinterest and Instagram can be considered as media sharing sites, as the platforms revolve around picture posting and sharing.

Instagram is a platform where you can share your life in pictures (Instagram, n.d.). Nowadays it is even possible to share videos on Instagram. Additionally, one can share the pictures or videos on other social media (CrunchBase n.d.). Instagram topped 300 million users in 2014 (Mashable 2014), which is a testament to its potential also as a marketing tool.

Pinterest is one of the fastest-growing social sharing websites that allows users to organize and share things such as pictures and articles. Essentially it is said to be a virtual pinboard where users with similar tastes can share and view content. Pinterest's growth rate is similar to that of Facebook when it started in 2006, which is grand. (Doran, 2012) "The highly visual layout and editorial nature of creating a board makes Pinterest a good fit for fashion" (Fashions Collective 2012).

4.2.3 Blogs

Blogs are periodically updated sites managed by individuals or groups to share information and opinions on any topic. There are several blog sites that can be used free of charge, for example Blogger and WordPress. Several blogs allow people to post comments, which invites discussion around various topics. (Hill et al. 2013, 8) Hill et al. (2013, 8) also point out that bloggers are more likely to be female and between the age of 18 and 34 years old.

In lines of the thesis, the author has chosen to include fashion and lifestyle blogs in the discussion, as the luxury goods talked about belong to the clothing and accessories category. According to Blogilista (2015), examples of famous Finnish blogs are Mungolife, P.S. I love fashion, Xenia's day, Jenni Ukkonen, Julia Toivola, Mariannan, and Alexa Dagmar, whom all belong to the top 35 blogs (list continuously updated). All of the aforementioned blogs showcase luxury goods, and brands such as Louis Vuitton and Chanel have been spotted in each blog several times.

The blogs' effectiveness is mostly due to their strong individual, personal, popular, and elitist point of view. Moreover, style bloggers have matured into being trendsetters. (Mohr 2013, 18) According to Technorati's (2013) findings, "consumers are turning to blogs when looking to make a purchase." Additionally, from their findings it is evident that blogs are seen as the third most influential sites when it comes to consumers making purchase decisions.

According to another study by *Research Now*, almost nine out of ten consumers (84%) make purchases after reading about a product or a service on a blog. Among consumers between the ages 18-34, blogs ranked as the most important source of information. (Gunelius 2014)

The findings from the survey will be used to map out the consumer behaviour specifically of consumers from the research, and how the chosen blogs affect their purchase behaviour.

4.3 Social media as an influence on buying behaviour

4.3.1 Facebook

As indicated in section 4.2.1, Facebook's popularity has increased from a few million users to 900 million users (Hill et al. 2013). This alone could suggest that Facebook can have a great influence on consumers. Additionally, as Facebook is a networking site that potentially involves friends and family, them being such important components in relation to the consumers' buying behaviour (Perreau 2013, 19-22), luxury brands do attract interest through this channel.



Picture 1. Louis Vuitton Facebook page (screenshot from author's mobile device via using the Facebook app, 2015)

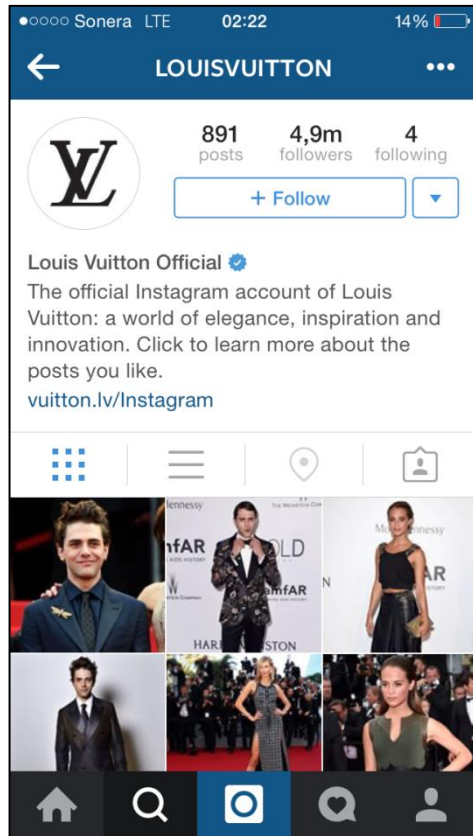
For the sake of consistency, the author uses Louis Vuitton as a case example when talking about social media and consumer buying behaviour. Louis Vuitton has over 17 million likes on Facebook, and actively shares content monthly, weekly, and even at times daily. According to a survey carried out in the United

States of America, 77% of young consumers said to interact with brands by reading posts and updates from brands. 51% of the consumers also were more prone to buy a product after becoming a fan of a brand on Facebook. (Swallow 2011)

4.3.2 Instagram

According to Interbrand, 40 percent of the world's most popular 100 brands are active on the photo-sharing network, namely Instagram. Most popular users among luxury brands are for example Gucci and Hermès. They post professionally shot pictures in order to promote the brand and share content. As Instagram's success has skyrocketed in a relatively short time, and 70% of the users being female, consumers can be affected by the luxury brands marketing themselves through this medium. (Mashable 2014; Doran 2012)

What comes to luxury brands alone, as that of February 2014, 93 per cent of 249 luxury brands are on Instagram which is 30 per cent higher than that of July 2013. The brand on Instagram has to feel extravagant, exclusive and aspirational yet accessible enough in order to get people liking and sharing the pictures. Ultimately, this should influence that much that it would lead to spending. (Say Daily 2014)



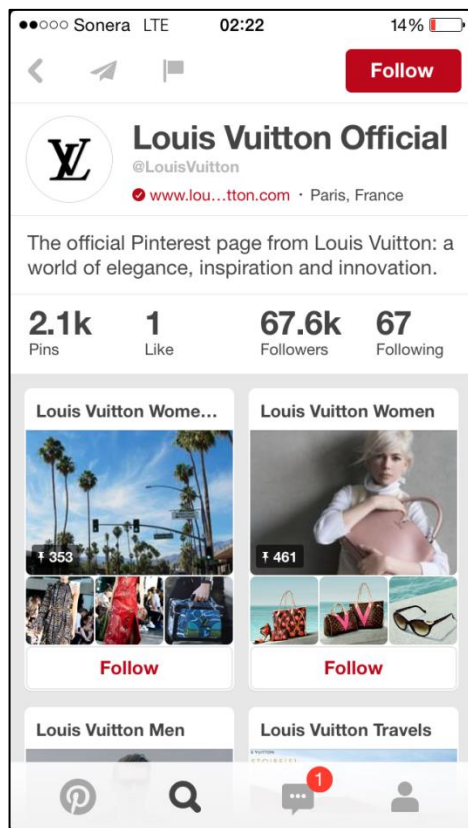
Picture 2. Louis Vuitton Instagram profile (screenshot from author's mobile device via using the Instagram app, 2015)

In July 2014, Louis Vuitton had 1,975,305 followers on Instagram, while Gucci had 1,584,981 (ibid.). As of today, May 2015, Louis Vuitton has 4,9 million followers and Gucci has 3,8 million followers. In under a year the follower amount has increased significantly, signaling that consumers are actively taking on social media as a form of influence when it comes to luxury brands.

4.3.3 Pinterest

Pinterest is another interesting platform that allows content sharing. Pinterest is said to build the visual expression of a brand, therefore it can potentially be a good channel for luxury brands (Doran 2012). As discussed in this thesis, many luxury brands do not want to compromise on their image and have been unwilling to adopt mobile technologies (Okonkwo 2007).

In luxury, traditional selling and promoting go against the rules for luxury brands (Heine 2011), however consumers find Internet as an increasingly attractive medium also for luxury goods (Okonkwo 2007; Scholz 2014, 56). This can be reflected by the fact that "Pinterest has over 17 million users visiting every month... Pinterest drives more referral traffic to websites and blogs than Google+ and Youtube" (Doran 2012).



Picture 3. Louis Vuitton Pinterest profile (screenshot from author's mobile device via using the Pinterest app, 2015)

As seen, Louis Vuitton has over 67 thousand followers on Pinterest and Louis Vuitton's pictures and content have over two thousand "pins" or shares, meaning that consumers have shared the pictures and content. This is an indication of the fact that this channel is valued by consumers. Deduced from the available information of the first content that was shared by Louis Vuitton, the aforementioned figures are a result of a few years of being active on Pinterest.

Louis Vuitton is not the only luxury brand that is present on Pinterest. Renowned luxury brands such as Gucci, Hermès, and Dolce&Gabbana are also active on the platform.

4.3.4 Blogs

The buying behaviour is influenced significantly by blogs, as according to a study conducted by ResearchNow, 84% of the respondents claimed to make a purchase after seeing it on a blog. Moreover, blogs have become significant influencers among young consumers between ages 18-34. (Gunelius 2014) In a study conducted by Immonen (2014) for Finnish consumers, 60% of the respondents claimed that their purchase decision was influenced heavily or slightly by a product that appeared on a blog (Rautila 2014, 15-16).

According to Aller's (2014) research on the consumer behaviour related to blogs, 77% of respondents agreed that blogs have become more professional, therefore can give more relevant information on products. Moreover, 49% of the respondents claimed that they search for product reviews in blogs in order to back up their purchase decision. A significant 47% of consumers reading fashion blogs agreed on the fact that they were activated by blogs because "the blogger has introduced a product that has sparked my interest and made me buy the product later".

Blogs are effective mediums as companies use bloggers to market their products. In the case of Finland, 40 per cent of the companies in the Finnish Advertisers Union use bloggers to market their products by sending products to test. (Keppola 2012) This indicates that bloggers are seen as extremely valuable from a company perspective. From the author's observations, although luxury brands do not provide any discounts to readers of the blogs, bloggers have become the trendsetters of any good, including luxury brands. Blogging seems to have become a phenomenon all over the world. The author has not noticed Finnish bloggers collaborating with luxury brands, however influences are also taken from abroad. International bloggers do collaborations with luxury brands, exemplified by a dutch blogger, Negin Mirsalehi and the collaboration

with Cartier (Mirsalehi 2015), and an Italian blogger, Chiara Ferragni and the collaboration with Louis Vuitton (Ferragni 2014).

5 RESEARCH METHODOLOGY

5.1 Introduction

The objectives of the research are identifying which aspects affect consumer behaviour when purchasing luxury goods, and to what extent does social media have an effect on this. The purpose of the research is to identify the theoretical framework that relates to buying behaviour of luxury goods through secondary sources, and try to provide answers to the research questions by conducting a survey, which hopefully supports the theory.

Deductive reasoning is applied, where general theories are broken down and discussed more specifically – this process begins with introducing a topic, narrowing it down, and narrowing down even further in order to collect observations and link them to the objectives and research questions (Sachdeva 2009).

An important component to the influencers of consumers is social media, which will be discussed separately in order to find how big of a role it has played in affecting the consumers' behaviour towards luxury goods. Four main social media sites will be discussed in order to limit the research into the most relevant ones.

The empirical part of the research discusses the method of research and data collection – this is done in order to provide validation and reliability to the research. The findings present results that apply to the buying behaviour of luxury goods in Finland, and gives insights to the topic as very little specific research has been previously conducted. Findings from the research will be analyzed and linked with the theoretical framework in order to answer the research questions.

Finally, conclusions are made and suggestions for further research are presented. The subsequent section will explain what research method was

chosen, how the data was gathered and analyzed, and furthermore attempt to provide reasoning for the reliability and validity of the research.

5.2 Research data and data collection

The author utilizes both primary and secondary sources in conducting research. Mainly, the theoretical framework is explained by the use of secondary sources such as books, journals, and articles. The survey used to collect responses from consumers is the primary source of this thesis.

For the purpose of this thesis, two research methods are explored, namely qualitative and quantitative, with the purpose of obtaining data and answering particular research questions. Qualitative data is naturalistic and interpretative data that derives from peoples' personal experience, observations, and interactions (Jha 2008, 45), whereas quantitative data is any data analysis or research technique that is based on numeric values (Saunders et al. 2009).

The study uses both quantitative and qualitative data collection in the form of conducting a survey. A survey allows the collection of large amounts of data with a low cost (Kothari 2004, 101; Saunders et al. 2009). Qualitative data collection in surveys is free of bias, as the answers are given in the respondents own words. This method also allows respondents to think about their answers instead of feeling rushed, which may increase the answer rate of respondents.

As there is limited research on the topic of luxury goods consumption, especially in Finland, gaining as many respondents as possible is beneficial. Finally, a benefit of a survey is that a large scale of respondents can answer to it, thus making the results more reliable. (Kothari 2004, 101)

5.3 Structure

The survey followed a logical structure by first asking basic questions about the respondents' age, gender, monthly income, and which country they are from in order to acquire a general overview of what the sample group is like.

The basic questions were followed by topics more related to the types of luxury goods the respondents own and how they have acquired them. Subsequently, questions about buying behaviour were posed in order to investigate the reasoning behind the buying behaviour and what specific characteristics of luxury goods are important for the respondents. The five stage consumer buying behaviour was also included along with inquiries related to psychological behaviour such as duration of purchase decision.

The researcher also aimed to identify which reference groups influence buying behaviour and moreover tried to disseminate the role of different social media in the respondents' purchase behaviours. As a motive of the researcher's personal interest towards blogs, a question about which blogs do the respondents read was posed in order to see if fashion blogs were followed in general.

Finally, perhaps one of the most important observations that needs to be considered in this research is what is considered as being luxury, as this is subjective and relative. This is why the final question in the survey was an open-ended question in order to find out what do the respondents consider as being luxury. This question was essential in order to provide validity for the whole concept of luxury discussed in this thesis.

5.4 Research design

As stated, the aim of the research is to identify the consumer behaviour related to luxury goods and what factors affect this. As a consumer-oriented approach is chosen, it is only natural for the author to investigate the opinions of individuals. Also, gaining insights to buying behaviour of younger people is hoped for. The primary research is carried out in the form of a survey.

Considering the time constraints and the possibility for respondents to answer to the questionnaire only once, the survey needed to be formulated carefully in order for the respondents to answer to the questions as accurately as possible. This enables the survey results to meet the research objectives (Saunders et al. 2009). The questions (Appendix 2) were designed to test the theoretical

framework of the thesis, asking questions about age, factors affecting buying behaviour, the decision making process, and effect of social media on buying behaviour. The researcher tried to articulate the questions as clearly as possible in order for the respondents to be able to answer the survey as well as possible.

All theories could not be inserted into the scope of the survey, therefore the most important and beneficial questions were chosen in order for the results to possibly answer the research questions and reflect the theoretical framework.

In May 2015, the survey was sent out via email and Facebook to a portion of Turku University of Applied Sciences international business students, as well as to the researcher's personal contacts on Facebook who currently live in Finland. Moreover, this includes not only Finnish people but also people of other nationalities. As the survey was intended only for students and working students, the sample size of potential respondents came at approximately 100 individuals. The respondents were given five days time to answer to the survey. The participation to the survey was completely voluntary and anonymous, and the questions were in English.

Related to the sample control, the researcher did not want to limit any respondents other than fitting the category "students and working students in Finland". However, the researcher could have controlled the sample by targeting the survey only towards students and working students of Finnish nationality living in Helsinki. This option however was not in line with the objective of the thesis.

While the author acknowledges that she could have chosen to narrow down the sample selection to consumers located in the Helsinki area, due to luxury brands usually being located in major capitals (Okonkwo 2007), the aim of this research was to assess the influencers on consumer buying behaviour of luxury goods of a more broad sample not only limited to the metropolitan area. This decision was made in order to be able to draw conclusions regarding the consumers located in Finland as opposed to solely Helsinki.

5.5 Data quality (validity and reliability)

In order to ensure the validity and reliability of the research method, the questionnaire was refined by the researcher. Friends and family were consulted in order to gain insights into formatting of the questions and relevance. Finally, before sending the survey, the researcher consulted the thesis supervisor and after a few alterations the survey was approved by the thesis supervisor.

The data collection from the research is done by presenting and analyzing actual numerical and qualitative data from the survey. For reliability, ideally the sample group should consist of as many respondents as possible. However, due to time constraints of the researcher and losing time due to a mailing list issue, the respondent amount consisted of 26 respondents, which perhaps does not represent a large enough sample group, hence could potentially affect the reliability and validity of the research. On the other hand, since the questions were mainly qualitative, a smaller sample size makes it easier for the researcher to analyze results and draw conclusions.

5.6 Limitations

The researcher wants to specifically bring to attention the limitations that affected the choice of methodology. The researcher's original idea was to contact a well-known luxury brand store and interview the store manager in order to gain insights into consumer buying behaviour and how it has changed over the recent years. The researcher contacted Louis Vuitton in order to inquire whether an interview would be possible, however received a declining answer where she was encouraged to view the existing literature published by Louis Vuitton.

In addition, the researcher would have preferred to interview a few Finnish bloggers for the thesis, however, due to time constraints this proved to be unfathomable. This could have proven to be extremely beneficial for the research as bloggers influence consumer decision-making heavily.

6 DATA ANALYSIS

6.1 Background

This section presents the findings from the research and aims to analyze the results together with the theoretical framework discussed in the empirical part. The questions were based on theoretical background, however some individual theories were also more concentrated on, such as buying behaviour and decision-making. The survey was sent via email to a group of TUAS students and via Facebook to the researcher's Facebook friends and was intended for students or working students who currently live in Finland. Altogether, the total number of recipients to whom the survey was sent was approximately 100 individuals, however only 26 individuals took the survey.

The aim was to provide the respondents with as much as possible questions that could be answered open-endedly in order for them to express their opinions and thoughts. Also other questions were designed to be as easy as possible to answer. Answering to questions marked with a * was mandatory, however some questions were left optional.

This was done because the researcher assumed that some respondents would answer that they do not consume luxury goods and do not want to, therefore such respondent could not answer all questions. In addition to this, some questions were fitted for respondents who consume luxury goods, but also for respondents who did not, however can answer in regards to what *would* their behaviour be like should they consume luxury goods.

The total number of participants was 26 out of a possible 100, meaning that the total percentage of respondents who took part in the survey was 26%. The survey consisted of 18 questions, of which only two questions were not answered by all respondents.

In the subsequent section, the survey structure is summarized and the findings of the survey are analyzed according to the categories *general*, *consumer*

buying behaviour and attitudes, social media and the consumer, and finally discussion of results.

6.2 General

This section includes the analysis of profile questions, i.e. age, gender, status, country of origin, and income. These are discussed in order to analyze the overall group of respondents for the researcher to understand the scope and whether the results equate to the objective and the theoretical framework presented.

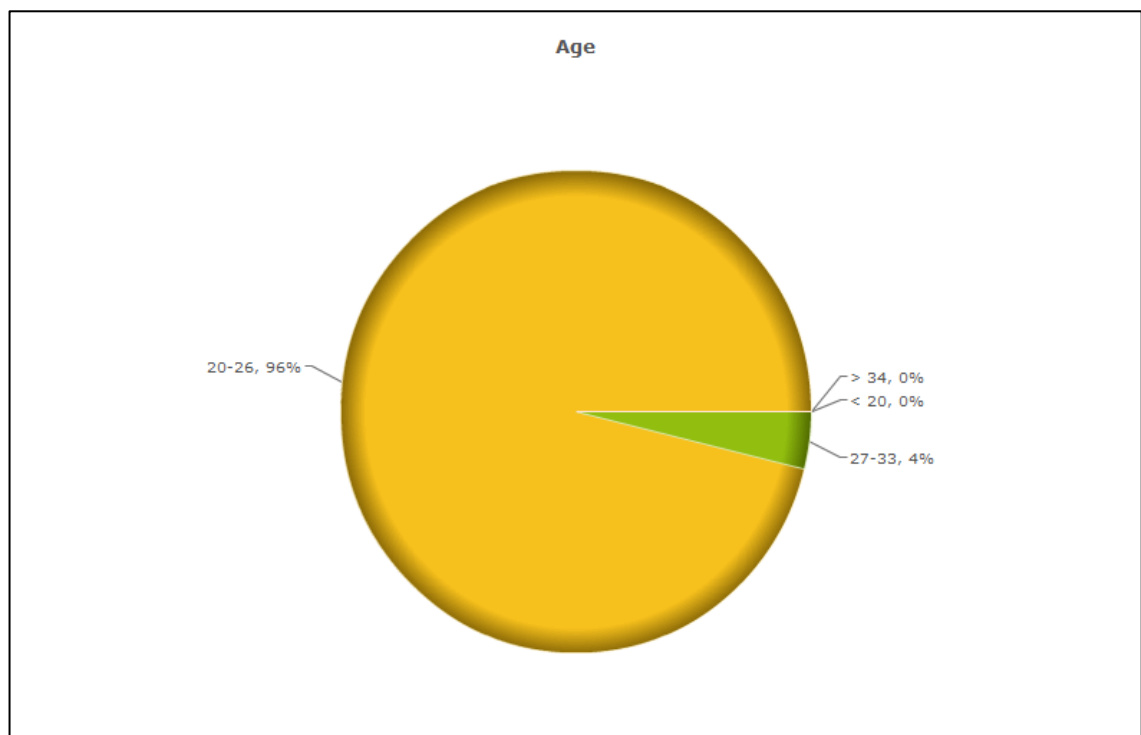


Figure 6. Question 1 – Age

Since the objective of the thesis was mainly to research the buying behaviour of people of ages 20-26, the results were positive in regards to this as 96% of the respondents were between 20 and 26 years of age, and only a mere 4% were between 27 to 33 years old. None of the respondents were under 20 years old or over 34 years old. Although the theoretical framework did not introduce any

age-specific data in regards to consumption of luxury goods, the results were optimal for this research as the results can be discussed in regards to young peoples' buying behaviour.

As hypothesized in the scope and limitations in section 1.2, female respondents contributed a higher amount in responding to the survey. 73% of the total respondents were female, and the remaining 27% were male. Observing from which countries the respondents were from, six countries were identified in the results – Kenya, Finland, Vietnam, France, Brazil, and Nepal. Individual countries were not analyzed in the theory, therefore no evident conclusion can be drawn about each country's buying behaviour. However, the clear majority of respondents were from Finland, presenting 65% of the total. Subsequently, 15% of the respondents were from Vietnam, 8% from France, 4% from Kenya, 4% from Brazil, and finally 4% from Nepal. What can be linked to theory, Sarpila and Haanpää (2010) do stress the fact that the consumption of luxury goods has risen amongst young Finnish people in the past decade.

The survey targeted students and working students, and in relation to this it was logical to also ask the respondents about their average monthly income in order to see whether there is any relation between spending habits and income. The distribution of students and working students was rather even, 54% of the total were students and 46% were working students.

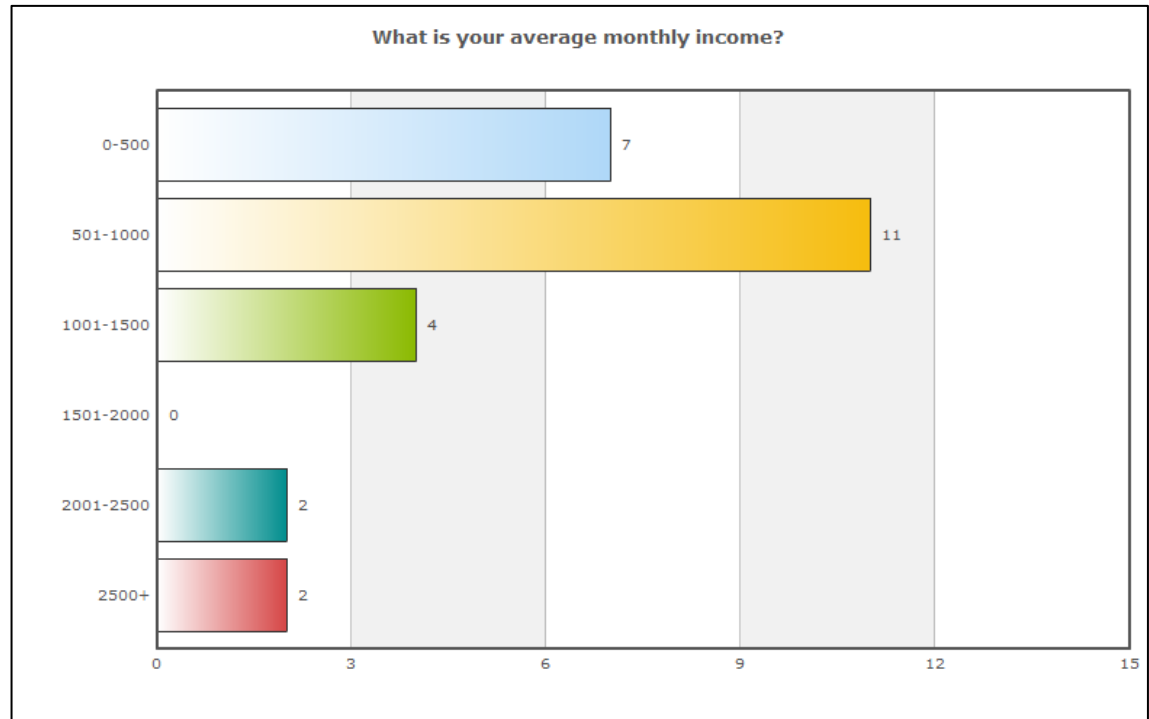


Figure 7. Q5 – Average monthly income

The majority of respondents (42%) have an average monthly income between 501-1000 euros. The second highest percentage came at 27%, indicating consumers that have an average monthly income between 0-500 euros. The most affluent consumers of the income category were the 8% of the total respondents that earn between 2001-2500 euros a month and those other 8% that earn over 2500 euros a month. The more affluent consumers are not as price-sensitive, hence have a different buying behaviour compared to the less affluent (Danziger 2005, 153; Perreau 2013, 14-15).

According to the survey, 50% of the respondents do not purchase luxury goods at all, while 27% buy them once a year, and a mere 8% purchase luxury goods more than twice a year. As the purpose of the thesis was to find out whether young students and working students purchase luxury goods, these figures partially answer to the research question by indicating very little purchasing effort towards luxury goods. The fact that there was no option of "less than once a year" may have resulted in the fact that a portion answered "never", which

might not represent the situation accurately. Nevertheless, it can be concluded that most respondents purchase luxury goods rarely.

6.3 Consumer buying behaviour and attitudes

6.3.1 Scope of luxury brands

This section focuses on the types of luxury goods that respondents said to own and highlights responses to why and how luxury goods are bought or acquired.

Question 6. Do you own a luxury good/luxury goods? If yes, please specify what brand(s) and what item(s). If no, would you like to own one? (Luxury goods in this study are: Clothing or accessory items between 300 euros to 5000 euros, or even above. Brands studied are for example Louis Vuitton, Chanel, Gucci, Hermès, Dior, Prada, Dolce&Gabbana, Escada, etc.) To this question, 50% answered that they do not own any luxury good, out of which 35% said that they would not either like to own one and 15% said that they would like to own one. The remaining 50% of total respondents said that they own luxury goods and described which brands and which kind of goods they possess.

The brands that most respondents possess are Louis Vuitton (23%), Gucci (20%), Dolce&Gabbana (12%), and Chanel (12%). Other commonly mentioned brands were Dior, Prada, and Hermès. This indicates that most respondents did mention goods that fit the scope of the thesis, being medium-level and top-level luxury goods (Heine 2011, 51) as identified in Heine's levels of luxury brands in section 2.2, and similarly accessible core and premium core luxury goods as seen in Rambourg's pyramid (Willett 2015) also in section 2.2.

Respondents also mentioned brands such as Boss, Armani, Alexander McQueen, Rolex, and Escada that can be still considered as luxury goods that fit the scope, however far fewer respondents mentioned these. High-end brands that are less common were also noted, such as Septieme Largeur and Meermin. Not all high priced goods are defined as being luxury; therefore the question may have caused slight misunderstandings to what is meant by a luxury good. Brands such as Michael Kors, UGG, Victoria's Secret, and Peak

Performance are not classified as luxury brands in this research neither by Heine (2011) nor Rambourg (see Willett 2015).

In addition, 4% of the total respondents mentioned brands that either did not fit the scope of clothing and accessory items or the answers were unclear and difficult to interpret. These included brands such as BMW, Nokia, and Samsung.

6.3.2 Most important characteristics of luxury goods

The respondents were asked how important certain characteristics of luxury goods are. The answer options given were adapted from Heine's (2011) framework of the six main characteristics and Arora's (2013) 8 p's model. This question was formulated in order to see how many respondents value certain aspects and whether the opinions are in line with the theories presented.

9. HOW IMPORTANT ARE THE FOLLOWING CHARACTERISTICS WHEN BUYING LUXURY GOODS (OR IF YOU WOULD BUY A LUXURY GOOD)?					
	Not important at all	Slightly/somewhat important	Very important	Indifferent/I do not know	Number of Respondents
Rarity (not everyone has it)	30% (8)	34% (9)	34% (9)	0% (0)	26
Quality	0% (0)	3% (1)	96% (25)	0% (0)	26
Price	11% (3)	26% (7)	53% (14)	7% (2)	26
Aesthetics (looks, material, etc.)	0% (0)	11% (3)	88% (23)	0% (0)	26
Buying experience	7% (2)	46% (12)	38% (10)	7% (2)	26
Heritage behind brand (history)	34% (9)	42% (11)	15% (4)	7% (2)	26
Status	30% (8)	42% (11)	23% (6)	3% (1)	26

Figure 8. Q9 – Importance of characteristics

In order to highlight the results that acquired the highest percentage in regards to each aspect, they are circled in red in Figure 7. The survey results indicate that rarity is considered slightly/somewhat important and very important equally, both at 34%. Not much less, but 30% of the respondents answered that rarity is not important at all. A significant 96% considered the quality of luxury goods very important and the remaining around 4% thought of it as not being

important. Theory supports this importance, as Chevalier and Mazzalovo (2012) and Scholz (2014) state that consumers expect an extremely high quality from luxury goods, especially during economically bad times.

Price was also seen as a very important factor, in fact 53% of the respondents agreed on this. 26% found price slightly/somewhat important, while 7% were indifferent to this and 11% did not consider price important at all. Price is one of the most controversial aspects when it comes to luxury goods, as the Veblenian theory suggests that higher prices do not usually decrease the demand (McGee 2004). According to Keller (2009), customers perceive high price as an indicator of high quality.

Similarly to price, the majority (83%) of the respondents agree on aesthetics being very important in luxury goods. In fact, Chevalier and Mazzalovo (2012) stress the importance of how a product is designed and shaped, and even how it feels in the hand. Moreover, aesthetics of the items one has reflects his or her lifestyle, which is ever more important for consumers of luxury goods.

The buying experience is considered slightly/somewhat important by the majority (46%), however 38% perceive this aspect as very important. This somewhat supports the theory as Chevalier and Mazzalovo (2012) and Arora (2013) highlight the importance of the buying experience, as it is said to be as important as the product itself.

The heritage of the brand was perceived as slightly/somewhat important, represented by 42% of the total respondents, however, 34% thought that it was not important at all. Overall the results are not leaning towards this being considered significant by the majority.

Neither did status rank as being of very high importance among the respondents, as the majority (42%) agreed on the fact that it is only slightly/somewhat important. 30% of the respondents even expressed status as not being important at all. A mere 23% considered status as very important. In theory, status is ranked as rather high in importance as consumers of luxury

goods are said to have hedonistic values by thriving for recognition through status (Okonkwo 2007, Chevalier and Mazzalovo 2012).

6.3.3 Consumer behaviour

This section covers the questions that deal with reasons for acquiring luxury goods, and which steps of buying behaviour are followed. Open-ended questions are yet again essential in order for the respondent to express themselves freely and perhaps give the researcher insights that she would not have previously considered.

Question 7. If you answered yes to the previous question, when did you buy your first luxury item? Please specify at what age, reason (gift, just because you wanted it, etc.), from whom did you get it from or did you buy it yourself. The purpose of this question was to expand on the answers of question 6 that asked whether respondents own luxury goods and what types of goods. Since 50% of the respondents answered that they do not own luxury goods in question 6, naturally, 50% of the total respondents answered question 7, hence the amount of respondents came at 13. 77% of the respondents explained that their first luxury good was received as a gift. Only 23% answered that they acquired their first luxury item themselves.

Many answered that their boyfriend or parents bought the luxury items as gifts. Also, a majority of the respondents acquired these gifts at the age of 13-19, so at a relatively young age. These answers indicate that the first luxury items that the respondents acquired were gifts at a young age. Moreover, the mentioning of "birthday present" was a rather common motive among respondents. 23% of the respondents acquired their first luxury item at the age of 20 and above, and most commonly as a result of purchasing it themselves based on want.

Question 8. Why do you buy luxury goods? Please give your own reasoning or explanation. This question was designed to give respondents the freedom to explain their thoughts about why they buy goods. This does not control the respondent to answer in a certain way or choose from a limited amount of answers. This question potentially allowed the expansion of ideas related to

characteristics of luxury goods. 65% of the total 26 respondents answered to this question most likely as a result that 50% of the respondents consume luxury goods in the first place. This question was left optional exactly due to the fact that if the respondent does not purchase luxury goods, there is no need to answer this.

The most often mentioned characteristics that could be identified from the answers were:

1. Quality
2. Status
3. Aesthetics

Respondents described their choice as "they make me feel good" and "pampering myself" which link to the need for self-fulfilment, self-recognition, and rewarding oneself (Scholz 2014; Kapferer and Bastien 2009; Chevalier and Mazzalovo 2012). In addition, "they represent social class" and "personal status" were common answers which are identified by Okonkwo (2007) and Perreau (2013) by stressing the importance of status and how important the social role is for consumers. Respondents also buy luxury goods because of reasons such as "I like the looks of them" and they are "timeless". In fact, quality, status, and aesthetics have been identified as the most important characteristics by many authors.

Furthermore, the answers consisted of mentionings such as exclusivity, specialness, and the satisfaction that is gained after saving a while for something more special. What struck as a more surprising answer, someone mentioned that they buy luxury goods in order to make a profit out of them by selling them after a few years with a higher price.

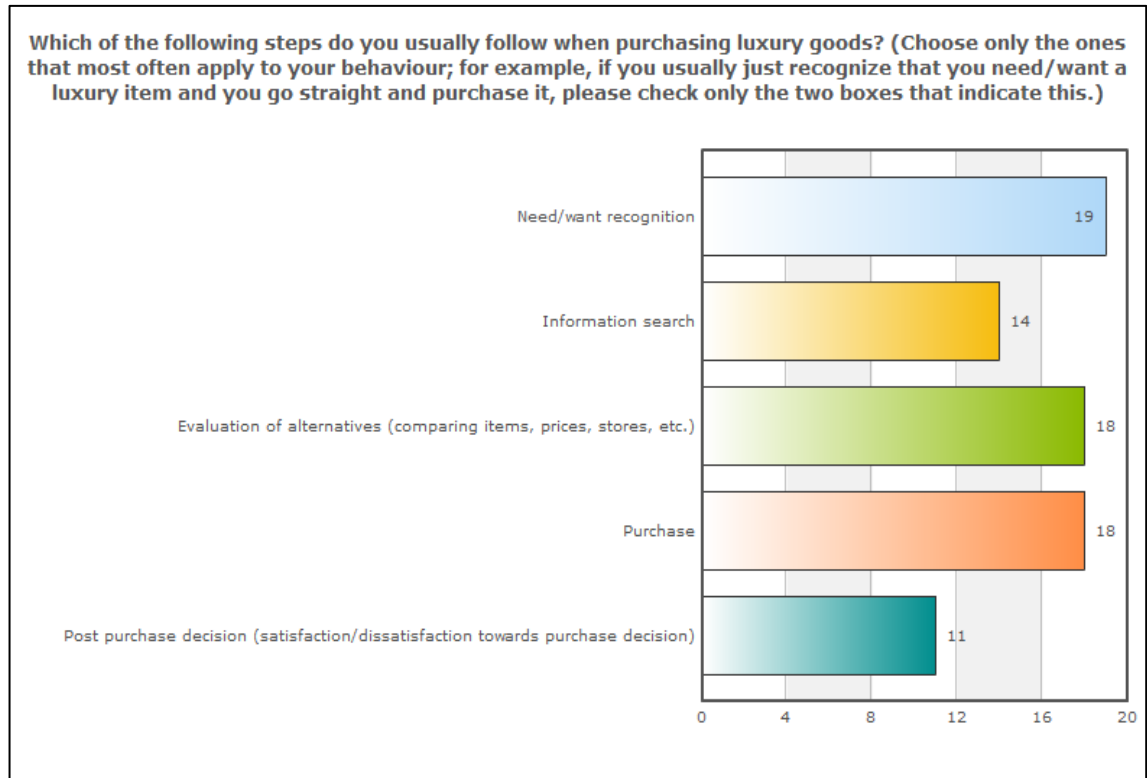


Figure 9. Q10 – Five stages of consumer buying behaviour

This question was chosen in order to identify whether respondents follow all steps of the buying behaviour process or which steps are the most significant. As seen in Figure 8, perhaps the most natural response was to select need/want recognition, although representing the majority at 19 out of 26 respondents choosing this, not all respondents chose this option. Evaluation of alternatives and purchase were steps that were followed equally by 18 out of 26 respondents. Considering the lower figures, information search and post purchase decision were not considered as often when identifying the steps, resulting in 14 out of 26 and 11 out of 26, respectively. These results do support the theory that claims that not all steps are necessarily followed (Fahy and Jobber 2012). None of the steps were answered by every single respondent, which emphasizes how different customers are.

13. HOW LONG DO YOU THINK ABOUT YOUR PURCHASE DECISION? PICK THE OPTION THAT MOST OFTEN APPLIES TO YOU.					
	Few moments (impulse)	At least a week	A few weeks	Months	Number of Respondents
Luxury goods worth 300-600 euros	23% (6)	19% (5)	26% (7)	30% (8)	26
Luxury goods worth 601-900 euros	8% (2)	8% (2)	30% (7)	52% (12)	23
Luxury goods worth 901-1200 euros	4% (1)	4% (1)	21% (5)	69% (16)	23
Luxury goods worth 1200+ euros	4% (1)	4% (1)	13% (3)	78% (18)	23

Figure 10. Q13 – Length of purchase decision

This question was asked in order to identify the rationality of a consumer's purchase decision determined by how long the respondent thinks before purchasing a luxury good worth a certain value. The results seem to conclude that the majority of respondents think about purchase decision for months no matter whether the good is worth 300 euros or over 1200 euros. It is important to note that respondents are more likely to make impulse purchases when the luxury item is of least possible value, as 23% of the respondents would purchase a luxury good worth 300-600 euros as an impulse decision.

Question 12. When purchasing luxury goods, is/would your purchase decision most often be based on need or want? This question is essential as theory suggests that the consumers base their buying behaviour on want rather than need, and buying behaviour is irrational (Okonkwo 2007; Chevalier and Mazzalovo 2012). 88% of the respondents answered that their purchase decision is most often based on want. A mere 22% although stated that their decision is based on need.

6.4 Influencers of consumer buying behaviour

6.4.1 General

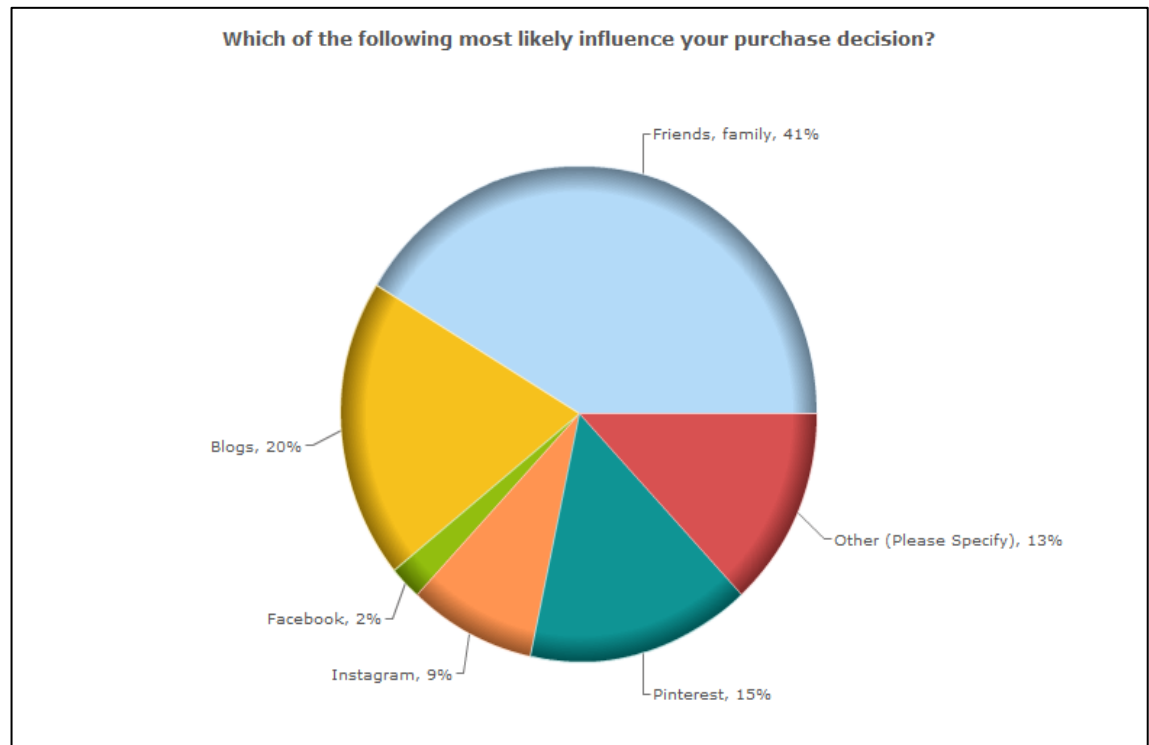


Figure 11. Q14 – Most likely influencers on purchase decision

This question was designed to give an overall picture on what reference groups influence consumer buying behaviour. Friends and family were the biggest influence, identified by 41% of the respondents. Blogs were noted as the second most significant influence at 20%. The media sharing site *Pinterest* was identified as an influence by 15% of the respondents. The question enabled respondents to give their own answer by choosing "other", chosen by 13% of the respondents – which yielded answers such as review sites, advertisements, forums, own mind and taste, and need. *Pinterest* was chosen by 9%, and finally Facebook by 2% of the respondents.

In lines of theory, family and friends are identified as the biggest influencers on consumers (Perreau 2013). Blogs are increasing influencers of buying behaviour, as well as social media sites such as *Pinterest* and *Instagram* that

have showed a significant increase in popularity in a short time span (Mohr 2013; Technorati 2013; Say Daily 2014).

6.4.2 Social media and the consumer

In this section the answers about social media and its affect on consumers will be analyzed.

15. WHICH OF THE FOLLOWING SOCIAL MEDIA ACCOUNTS DO YOU HAVE?		% OF RESPONDENTS	NUMBER OF RESPONDENTS
Facebook		41.94%	26
Instagram		35.48%	22
Pinterest		16.13%	10
I do not have any		0.00%	0
Details	Other (Specify)	6.45%	4

Figure 12. Q15 – Social media accounts

This question was posed in order to acquire a general picture about how many respondents use which social media accounts. Facebook was the most popular at 42%, after which Instagram at 35%. All respondents claimed to have a Facebook account, while 22 respondents announced that they have an Instagram account. In addition, 10 respondents also have a Pinterest account. All respondents have some kind of a social media account as "I do not have any" was chosen by none. The respondents were also allowed to choose "other" which generated answers such as respondents having a LinkedIn or Twitter account.

16. HOW DO THE PREVIOUSLY MENTIONED SOCIAL MEDIA SITES AFFECT YOUR BUYING BEHAVIOUR?				
	I get inspired but do not purchase as a result	I am not affected	I get inspired and make a purchase decision because I saw it here	Number of Respondents
Blogs	36% (9)	40% (10)	24% (6)	25
Facebook	30% (8)	57% (15)	11% (3)	26
Instagram	42% (11)	50% (13)	7% (2)	26
Pinterest	20% (5)	66% (16)	12% (3)	24

Figure 13. Q16 – Social media in relation to buying behaviour

This question identified which social media sites have an affect on the consumers, if any. The red circle highlights the majority of responses that indicate that the majority are not affected by any of the social media chosen by the researcher. Pinterest and Facebook were found to have the highest percentages of respondents not being affected at all. Instagram inspires 42% of the respondents however a purchase decision is not triggered as a result.

Also blogs seem to be a source of inspiration for 36% of the respondents, however most often a purchase decision does not results from this either. The clear minorities are evident in the third column "I get inspired and make a purchase decision because I saw it here", although, blogs seem to have the biggest influence on actual consumer behaviour that result in a purchase.

Considering the four social media, blogs can be identified as the most common influencers that result in a purchase decision being made, as 24% of the respondents agree to this. Respondents seemed to find Instagram as having the least affect on actual purchasing, but it was identified as a source of inspiration.

According to the empirical study of social media, blogs were said to affect buying behaviour significantly (Aller 2014). Pinterest and Instagram were identified as the new most fastest growing social media (Doran 2012), however the implications of making an actual purchase decision based on these was not researched.

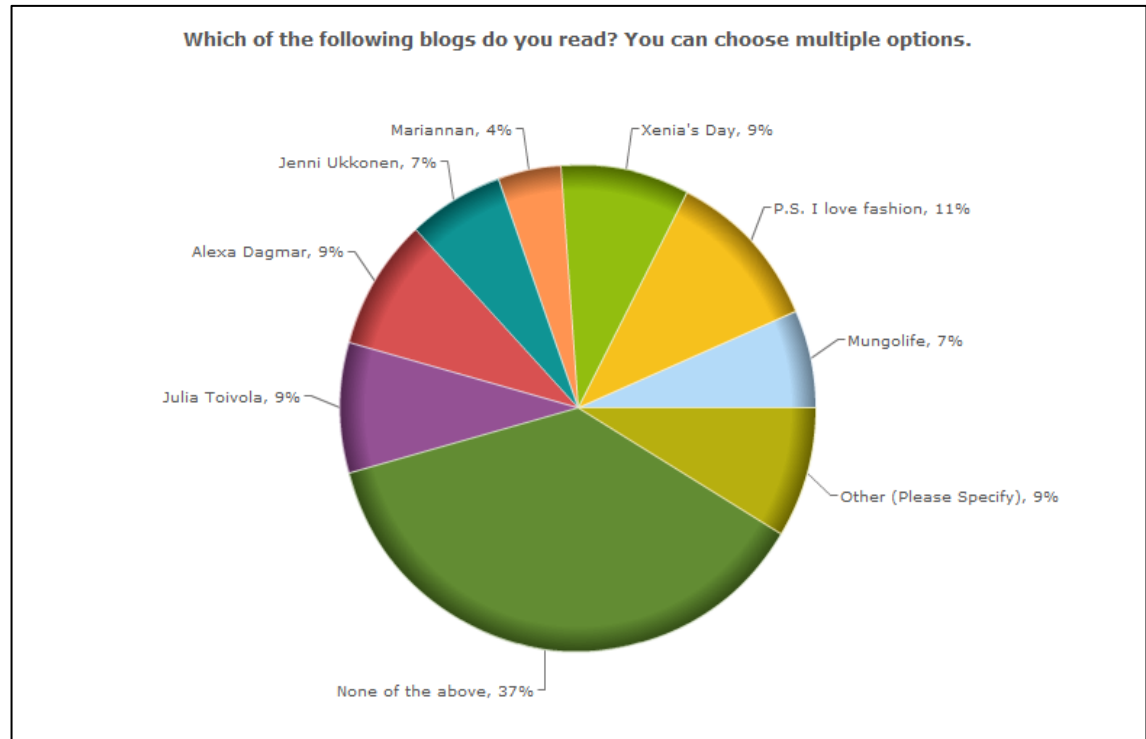


Figure 14. Q17 – Blogs and readership

As the researcher identified some most popular Finnish blogs, she was curious to know whether respondents read any or several of the blogs mentioned, as they have a high content of luxury goods portrayed. 37% of the respondents answered that they do not read any of the blogs mentioned. The most popular blogs were P.S. I love fashion (11%), Alexa Dagmar (9%), Julia Toivola (9%), and Xenia's Day (9%). Surprisingly, the most popular blog according to Blogilista (2014), Mungolife, is only read by 7% of the respondents.

Respondents had the option of choosing "other" and specifying which blogs they read. This yielded answers such as Kenzas, The Blonde Salad, and Janni Deler, which are all extremely popular international fashion and lifestyle blogs. Among Finnish blogs, also blogs such as tyylit.fi and DressLikeA were mentioned by individuals.

Although the "other" results are important and display blogs that can potentially affect consumers, the results of the blogs that the researcher wants to focus on are the Finnish ones chosen for the survey based on their popularity.

6.4.4 Consumer-oriented definition of luxury

Finally, the last question of the survey was *"please explain in your own words what is a luxury good in your opinion"*. This question not only gives the researcher an understanding on how luxury is perceived by the sample group, but also raises an important issue on how the perception also may have affected the results of the survey as respondents have answered the questions relatively without a clear, universal definition of luxury.

Here are the top three characteristics mentioned about luxury goods:

1. Expensive
2. Quality
3. An item that is wanted rather than needed

A clear majority of 58% of the respondents directly implied that luxury goods are expensive, 38% mentioned that they are of high quality, and 38% of the respondents claimed that luxury goods are items that are desired rather than needed. Comments such as "a good that is expensive and of great quality", "Highly desired goods that not everyone can afford. Usually based on want instead of need", and "an expensive product that one does not need" sum up the respondents' thoughts regarding luxury goods and the abovementioned characteristics.

Moreover, 23% of the respondents noted status as being a characteristic of luxury goods, and equally 23% thought that luxury goods are branded goods. In addition, extraordinariness was mentioned by 19% of the respondents. The responses yielded comments like "it is used to show status", "we only need to satisfy our desire for standing out among other members of a society", and "for some they signify status and prestige" that indicated status as being a significant characteristic. In line with luxury goods being branded goods, respondents gave answers such as "things from famous brands", "a product by a respected brand", and "made by a recognized brand". Extraordinariness was described by mentioning "special features", "exclusive and extraordinary", and "unique features" in regards to luxury goods.

The characteristics that were least frequently mentioned were aesthetics, fashion, and rarity, which were each noted by only a few individuals. Single answers also included mentionings such as "I don't buy goods for the price or status", "something that makes me feel good about myself" and "gives you something that a regular good would not".

The answers that were generated from this question do in fact have a strong correlation with theory, as high price and quality have been identified by all authors presented in the thesis as being extremely significant components of luxury goods. Also accurate, luxury goods being usually wanted rather than needed resonates with theory and supports the claims of luxury goods being purchased irrationally.

Overall, all aspects that were mentioned by respondents were included in the theoretical framework to some extent, indicating that the respondents had a rather good understanding about luxury goods and shared similar thoughts to those presented in the theoretical framework.

6.5 Discussion of results

Some general aspects and links can be identified from the results. A significant aspect that can be concluded from the research was that the majority of the respondents fit the age group chosen by the author, being 20-26 year olds. This gives some validity to the research as the buying behaviour of this specific age group was particularly targeted.

Overall, the results show that the most important aspects for the group under study are quality and aesthetics. The aspect of quality can perhaps be linked with the fact that most respondents purchase luxury goods quite rarely. Therefore, once they do, in fact in a sense invest in these luxury goods, they have presumably saved money for longer periods of time. Also the decision-making process suggests that the purchase decision is not merely an impulse purchase but rather something that consumers think about for a longer period of

time. Due to these reasons also the quality of products may be in more of a meaningful role as they are expected to last for a long time.

Moreover, in line with the fact that respondents are students (either working or not), it can be suspected that purchases of luxury goods cannot be frequent due to income constraints. Furthermore, most respondents answered that they have received their first luxury goods as gifts. This again supports the fact that the purchases are less frequent. Therefore, also expectations of the quality and other important aspects could be higher. As the luxury goods are seen as more special and even linked to certain special occasions, more expectations can be put on their characteristics. For this reason as well, quality and aesthetics can be more important than other characteristics such as buying experience and heritage.

Interestingly, the respondents did not think of status as being very important in relation to their purchase decisions. However, they considered it as a defining feature of a luxury good. This indicates that their preconceived definition of luxury goods is one that is in relation to status, but as consumers they are not influenced by status in terms of making a purchase decision. Price was considered a very important factor by many, and also was mentioned by the majority when defining luxury goods.

On the contrary to theory used as background, social media was not seen as important in terms of influencing the purchase decision. All respondents had a Facebook account while very many had an Instagram account, however most agreed that these media do not affect their purchase decision that much. Blogs were found by most as the biggest influence that results in a purchase being made, while Instagram was found to be a source of inspiration for many, although no purchase resulting from the use. Perhaps these media were not considered as influential by respondents due to the fact that blogs and the increase in popularity of other social media is still a relatively new phenomenon.

However, it must be kept in mind that the results are only applicable to the certain group under study. The situations could be different with a different sample group and size.

7 CONCLUSION

7.1 Conclusion

The aim of the study was to answer to the following research questions:

1. What are the main factors that influence young consumers' buying behavior when buying luxury goods?
2. How do the 8p's of marketing and decision-making process apply to young consumers of luxury goods?
3. To what extent does social media affect consumption of luxury goods amongst young consumers?

The purpose was to research the factors that affect consumer buying behaviour of luxury goods and the relevance of social media to consumers between ages 20 and 26. The aim was to analyse the consumer behaviour, and also indirectly the level of demand in Finland as a whole as opposed to single metropolitan areas. This approach was chosen due to the fact that not all consumers of luxury goods are necessarily located in the capital of Finland.

To conclude, research suggests quality, price, aesthetics, rarity, extraordinariness, and symbolism are all important features in the purchase decision of luxury goods. Being one aspect in the 8 p's, also buying experience is identified almost equally important as the product itself. The survey results support the importance of quality, aesthetics and price. The results additionally concur with characteristics such as status, rarity and buying experience as being somewhat important, hence being central in relation to luxury goods. The main reference groups that influence consumer buying behaviour of the respondents are family and friends, which concur with theory that emphasized the importance of this reference group as an influencer on buying behaviour.

The 8p's theory is rather an extension to the discussion of luxury goods, and exemplifies the contradictions that luxury goods portray when compared to non-

luxury goods such as high prices and high demand, strategies used to limit supply, and selling to consumers and discounts should not be practiced.

The consumer buying behaviour framework relates to the study as a whole, as all theories were interrelated with the buying behaviour framework. The buying behaviour framework included factors that influence buying behaviour, the decision making process, and actions that resulted from these. Theory suggests that consumer buying behaviour in regards to luxury goods is irrational and hedonistic, which is further supported by the results of the survey, indicating that most of the respondents purchase or would purchase luxury goods as a result of want rather than need. The purchase frequency among the respondents is extremely low and purchases worth any value stated in this thesis are carefully considered by the majority of respondents.

There does not exist much research on social media in relation to luxury goods, however theory suggests that various social media such as Instagram and Pinterest are growing in popularity as ways of communication between luxury brands and consumers, although luxury brands have not initially wanted to adopt the Web 2.0 strategies. The results generated from the sample group however are not in line with social media being a significant influence on buying behaviour. The increase in bloggers' influence on consumers is significant when observing social media and general behaviour, however was only slightly indicated by the survey results. This can be a result of not choosing the sample group carefully enough, as the author had no knowledge whether the respondents are even active on social media.

Overall the theoretical framework and survey results coincide rather well, making the results somewhat generalizable and reliable. Nevertheless, these results are based on a survey with a low respondent rate, which should be kept in mind while interpreting results. Also, this research leaves some interesting questions for further research along with the need for studying the issue more in order to find more thorough results.

7.2 Limitations and future research

As there was a limited time for the research and the scope was limited to a certain age group, status, and limited respondents, the topic of luxury was merely discussed in general terms, highlighting certain aspects only. Should further research be done, the author suggests that a larger sample group would be chosen for the survey and more in-depth questions would be posed to respondents.

Moreover, it would highly benefit the research on luxury goods to conduct interviews with professionals in the industry, or target consumers that knowingly buy luxury goods, i.e. a chosen set of bloggers.

It would also be interesting to cooperate with a renowned company that sells luxury goods in order to acquire statistics about the industry and knowledge that cannot be studied from literature alone. Conducting the research anonymously without revealing the company perhaps could encourage a company to take part in the research. More time should be dedicated to studying the topic as it is complex and cannot be explained by universal theories alone.

Some central aspects to the purchase of luxury goods have been made in this study. As already mentioned, however, limitations to this study exist. First and foremost is the fact that the sample size is quite small. Therefore, a larger sample would be necessary in order to reach more generalizable conclusions. Moreover, some questions could be formulated differently in order to specify answers, or more questions could be asked in order to make the research even more thorough.

The survey could be conducted better by posing more in-depth questions in order to discuss certain topics in more detail. This would also enhance the quality of the research. More testing of the survey questions should be done beforehand in order to identify the weaknesses and possible flaws that the questions have, which would make the survey more clear and leave as little as possible margin for error.

Also, this study points to some initial conclusions but there are some questions that remain for further research. Potential topics for further study include the cultural variations in the attitudes towards luxury goods, the changing role and importance of social media as well as the changed nature of gift-giving. The last point is interesting because this study shows that most respondents received their first luxury goods as gifts. It could be interesting to study how gift giving has changed and why luxury goods are perhaps more preferred nowadays than some other gifts.

It would also be beneficial to study the impact of age or income in relation to buying behaviour. Although this research did gather data about age and income, the respondent rate of the survey was too small in order for conclusions to be drawn. Furthermore, as much research does not exist on the correlation between luxury goods and social media, a more in-depth study should be conducted in order to provide a theoretical framework as these topics are current.

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Appendix 1. Cover Letter

Dear all,

I am conducting a thesis research titled **INFLUENCING FACTORS ON CONSUMER BUYING BEHAVIOUR OF LUXURY GOODS**, as a degree requirement as part of the Bachelor's Degree in Business Administration.

Related to this, I would like to ask for your help in providing me with necessary data for my research. The questions in the survey are related to spending habits, reasons for choosing certain goods, and overall observations on luxury goods. The survey is intended for **students and working students**.

Please feel free to answer the questionnaire – it will only take approximately 6-8 minutes. I sincerely appreciate your assistance and support in this research.

I kindly urge you to answer to the survey at the latest **Friday the 22nd of May** due to time constraints I have.

Thank you very much!

Below is the link to my survey:

<http://www.surveymethods.com/Survey.aspx?id=840ac2b1-f504-4c5a-b8ca-17a812a19cf2>

Best regards,

Emilia Reis

Ninbos12

Appendix 2. Survey

INFLUENCING FACTORS ON CONSUMER BUYING BEHAVIOUR OF LUXURY GOODS

Answers marked with a * are required.

1. Age *

- < 20
- 20-26
- 27-33
- > 34

2. Gender *

- Male
- Female

3. Status *

- Student
- Working student

4. Which country are you from? *

5. What is your average monthly income? *

- 0-500
- 501-1000
- 1001-1500
- 1501-2000
- 2001-2500
- 2500+

6.

Do you own a luxury good/luxury goods? If yes, please specify what brand(s) and what item(s). If no, would you like to own one?

(Luxury goods in this study are: Clothing or accessory items between 300 euros to 5000 euros, or even above. Brands studied are for example Louis

Vuitton, Chanel, Gucci, Hermès, Dior, Prada, Dolce&Gabbana, Escada, etc.)

*

7. If you answered yes to the previous question, when did you buy your first luxury item? Please specify at what age, reason (gift, just because you wanted it, etc.), from whom did you get it from or did you buy it yourself.

8. Why do you buy luxury goods? Please give your own reasoning or explanation.

9.

How important are the following characteristics when buying luxury goods (or if you would buy a luxury good)?

*

	Not important at all	Slightly/somewhat important	Very important	Indifferent/I do not know
Rarity (not everyone has it)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aesthetics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(looks,
material, etc.)

Buying
experience

Heritage
behind brand
(history)

Status

10.

Which of the following steps do you usually follow when purchasing luxury goods?

(Choose only the ones that most often apply to your behaviour; for example, if you usually just recognize that you need/want a luxury item and you go straight and purchase it, please check only the two boxes that indicate this.)

*

- Need/want recognition
- Information search
- Evaluation of alternatives (comparing items, prices, stores, etc.)
- Purchase
- Post purchase decision (satisfaction/dissatisfaction towards purchase decision)

11. How often do you buy luxury goods? *

- Never
- Once a year
- Twice a year
- More than twice a year

12. When purchasing luxury goods, is/would your purchase decision most often be based on need or want? *

- Need
- Want

13. How long do you think about your purchase decision? Pick the option that most often applies to you.

	Few moments (impulse)	At least a week	a A few weeks	Months
Luxury goods worth 300-600 euros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury goods worth 601-900 euros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Luxury goods
worth 901-
1200 euros

Luxury goods
worth 1200+
euros

14. Which of the following most likely influence your purchase decision?

- Friends, family
- Blogs
- Facebook
- Instagram
- Pinterest
- Other (Please Specify)

15. Which of the following social media accounts do you have? *

- Facebook
- Instagram
- Pinterest
- I do not have any

Other (Please Specify)

16. How do the previously mentioned social media sites affect your buying behaviour?

	I get inspired but do not purchase as a result	I am not affected	I get inspired and make a purchase decision because I saw it here
Blogs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instagram	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pinterest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. Which of the following blogs do you read? You can choose multiple options. *

- Mungolife
- P.S. I love fashion
- Xenia's Day
- Mariannan
- Jenni Ukkonen

- Alexa Dagmar
- Julia Toivola
- None of the above
- Other (Please Specify)

18. Please explain in your own words what is a luxury good in your opinion? *